



STATE OF INDIANA

Mitchell E. Daniels
Governor

OFFICE OF MANAGEMENT & BUDGET

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Charles E. Schalliol
Director

DATE: June 15, 2006

TO: All Instrumentalities of the Executive Department

FROM: Charles E. Schalliol, Director
Office of Management & Budget

SUBJECT: Financial Management Circular System

In 1986, Budget Director Ken Kobe, under the direction of Governor Orr, created the Financial Management Circular (FMC) System to address financial management policies of State government. The practice of issuing FMCs has continued sporadically since then. As authorized under IC 4-3-22, it is my intention to continue using the FMC system to provide uniform direction to agencies (and other entities governed by state government policies) on the administration of appropriations and financial management issues of general concern.

In light of Governor Daniels charge that state government operates as efficiently as possible, the Office of Management and Budget (OMB) has begun a review of all existing FMCs. Many of the existing FMCs will either be rescinded or rewritten. Several additional FMCs on new subject areas may be added. The current FMCs that remain in force can be found at http://www.sba.state.in.us/fmc_index.htm.

Attached to this cover letter are the first releases of updated FMCs 2006-1 and 2006-2. In addition, the following FMCs are repealed and no longer in force: 92-1 and 99-1.

All FMCs will contain the following:

1. A number reflecting the year in which they are signed and the number of the specific circular within that year;
2. an effective date;
3. a general subject;
4. the specific subject;
5. the statutory authority;
6. the application of the circular
7. a detailed explanation of the FMC;
8. the signature of the director and date signed (In cases where authority for management policy is shared by more than one agency, such circulars will be jointly issued and signed).

If you have any questions either about the attached circulars or about the circular system in general, please feel free to contact any Budget Agency staff member.